

The commerce chief and the Soviet KGB

by Scott Thompson

A document published by the U.S. State Department that is based upon a classified CIA study, "Intelligence Collection in the U.S.S.R. Chamber of Commerce and Industry," shows that Commerce Secretary William Verity has the distinction of sharing a position on the board of a private organization with a lieutenant general in the KGB. The private institution is the American corresponding body of the Soviet Chamber of Commerce, the U.S.-U.S.S.R. Trade and Economic Council (USTEC), which was ostensibly founded in 1973 to ease expanded trade and credits to the Soviet Union during "Détente I." Not only has Verity lent quasi-official support to USTEC by remaining its "honorary director" while serving as Commerce secretary, but Verity was the U.S. co-chairman of USTEC immediately before attaining that post in the Reagan administration.

While the question of Verity's relationship with USTEC was raised at his confirmation hearings in Fall 1987, evidence regarding USTEC's central role in KGB and GRU technological espionage and disinformation was systematically excluded from the hearings.

The publicly distributed State Department document gives official support to the view that the Soviets have transformed USTEC into a front for high-level espionage. Referring to the Soviet Chamber of Commerce, the report says: "Of the chamber's known staff of 140, about a third are KGB officers. The chamber also maintains ties to the GRU." The Chamber's leading representative in the United States, according to the State Department report, works out of the New York office of USTEC, where he establishes an array of contacts with "U.S. businessmen who need information or procedural assistance on trade matters." The State Department report proceeds to note that the Chamber's staff has been caught repeatedly in cases of technological espionage.

The KGB connection to the Soviet Chamber, according to the State Department report, is overwhelming: 1) "KGB staff officers fill about half of the senior management slots in the Chamber's apparatus and thus are in a position to have considerable policymaking authority"; 2) "Some of these senior managers have had extensive experience in clandestine operations"; and, 3) "KGB officers are found in almost every Chamber component."

Perhaps the highest ranking KGB agent in the Soviet Chamber is Lt. Gen. Yevgeniy Petrovich Pitovranov, who was promoted to first deputy chairman of the Chamber in 1972. Pitovranov is also one of 30 Soviet board members in

USTEC, who regularly attended meetings when Verity was chairman of the organization. Pitovranov is a senior member of the KGB, whose career was shaped by Lavrenti Beria. According to the State Department report, "After the post-Stalin regime released him, Pitovranov served as Deputy High Commissioner in Berlin (1953-54), KGB resident in the embassies in Berlin (1955-58) and Beijing (1959-61), and head of the KGB Training School (1962-64)." After advanced political training at the Soviet Communist Party's Higher Party School, Pitovranov joined the Soviet Chamber. USTEC refuses to reveal when Pitovranov joined its board, but it is believed to have been some time ago. Nor is Pitovranov the only suspected Soviet intelligence operative functioning with USTEC.

According to Joseph Finger, writing in *Red Carpet*, there had originally been a Soviet guarantee that it would not use USTEC for espionage purposes. However, when the U.S. intelligence community placed a counterintelligence officer on USTEC's staff to make certain that the Soviets would keep this agreement, then-Treasury Secretary George Shultz, who had personally launched USTEC during the 1973 Moscow summit, exposed the U.S. agent to the officers of USTEC, and he was fired. Since that time, Finger asserts, the KGB and GRU riddled the staff of USTEC.

This direct penetration of USTEC by the KGB and GRU took place even though some of the leading Western Soviet agents-of-influence had taken part in its founding. Among these is Occidental Petroleum chairman Dr. Armand Hammer, whose father had been a co-founder of the Communist Party, U.S.A. State Department Archives documents report that Hammer worked directly for the predecessors of the KGB when he traveled to Russia in the 1920s, when Lenin assigned Cheka founder Felix Dzerzhinsky to support Hammer's business dealings. State Department documents say that Hammer's first wife, a Russian, was a GPU agent whom Hammer assisted in relocating to the United States.

When *EIR* confronted Commerce Secretary Verity on the Pitovranov question, Verity responded through a spokesman that he saw "no conflict" in sharing the board of USTEC with a KGB general, when he was a Cabinet official in the Reagan administration. Verity explained that as he was only an "honorary director," he played no active role in USTEC, although he admitted that USTEC used his name to promote its activities. Verity claimed ignorance of the State Department/CIA study, and asserted that he had never been warned of Pitovranov by anyone in the intelligence community. Nor, Verity claimed, had he ever volunteered information to U.S. intelligence agencies on the activities of the Soviet agents in USTEC. When a follow-up question was placed to the Commerce secretary as to whether, now that *EIR* has briefed him on a potential major indiscretion, he would resign as an "honorary director" of USTEC, Verity's spokesman said he would raise the issue with Verity, but begged: "Why don't you wait until after Jan. 20 before making a public issue out of this?"